

**HOLLINGWORTH ACADEMY TRUST
(A Company Limited by Guarantee)**

REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2014

***Company Limited by Guarantee
Registration Number:
08314692 (England and Wales)***

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Reference and Administrative Details

Members

R Parker
J Packer
A Regan (Resigned 22nd September 2014)
D Randle
A Moon (Appointed 20th October 2014)

Trustees

R Parker (Chairman)
J Packer (Vice Chair)
J Millington (resigned 12th October 2014)
A Regan (resigned 22nd September 2014)
J Hawkrigg (staff trustee, resigned 31st August 2014)
J Howard (staff trustee)
D Randle (Headteacher and Accounting Officer)
K Butterfield
K Gilfroy-Muir
S Lowe
J Mellor
D Rutkins
N Brown
M Hirst (appointed 16th October 2013)
A Moon
P Muir
K Nelson
S Piprani
J Brown (staff trustee, appointed 23rd April 2014)
D Redfearn (resigned 1st April 2014)
C Donley (staff trustee, resigned 22nd April 2014)
M Cockcroft (appointed 20th October 2014)
N Bowker (staff trustee, appointed 20th October 2014)
J Frater (appointed 20th October 2014)
P McKeown (appointed 20th October 2014)

* members of the Finance and General Purpose Committee

members of audit committee

Clerk to the Governors

Mrs Maria Hirst

Senior Management Team:

- . Headteacher
- . Deputy Headteacher
- . Deputy Headteacher
- . Deputy Headteacher
- . Director of Director of Support Services
- . Senior Assistant Headteacher
- . Senior Assistant Headteacher
- . Assistant Headteacher
- . Assistant Headteacher
- . Assistant Headteacher
- . Associate Assistant Headteacher
- . Associate Assistant Headteacher

D Randle
S White
M Kojder
M Morrell
J Hawkrigg
C Robbins
N Bowker
B Larkin
A Daubney
C Williamson
S Mannion
N Milne

Principal and Registered Office

Cornfield Street
Milnrow
Rochdale
OL16 3DR

Company Registration Number

8314692 (England and Wales)

Independent Auditor

Baker Tilly UK Audit LLP
Bluebell House
Brian Johnson Way
Preston
Lancashire
PR2 5PE

Bankers

Barclays Bank
Yorkshire Street
Rochdale

Solicitors

Stoneking LLP
13 Queen Square
Bath
BA1 2HJ

Governors report

The trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 August 2014.

The trust operates an academy for pupils aged 11 to 16 serving a catchment area in the Pennine district of Rochdale. It has a pupil capacity of 1200 and had a roll of 1206 in the school census on 2 October 2014.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

Academy Trust is a company limited by guarantee and an exempt charity. The Charitable Company's memorandum and articles of association are the primary governing documents of the Academy Trust. The governors act as trustees for charitable activities of Hollingworth Academy Trust Limited and are also the directors of the Charitable Company for the purposes of company law. The Charitable Company is known as Hollingworth Academy Trust.

Details of the Trustees who served throughout the year except as noted are included in the Reference and Administrative Details on page 1.

Members' liability

Each member of the Charitable Company undertakes to contribute to the assets of the Charitable Company in the event of it being wound up while they are a member, or within one year after they cease to be a member, such amount as may be required, not exceeding £10, for the debts and liabilities contracted before they ceased to be a member.

Method of recruitment and appointment or election of trustees

Up to eleven Governors elected by the Members.
Minimum of two and up to five parent governors elected by parents
Up to three Staff Governors elected by the staff
The Headteacher
Up to three Co-opted Governors elected by governors
Any Additional Governors (appointed by Secretary of State)
Further Governors (appointed by Secretary of State)

The members select Governors on experience and knowledge to give the governor panel a broad skilled and challenging committee.

Parent Governors are elected by the parents of the Academy through a full election process.

Staff Governors are elected by the staff of the Academy through a full election process.

Co-opted governors are elected by the Governors on experience and knowledge to give the governor panel a broad skilled and challenging committee.

Policies and procedures adopted for the induction and training of trustees

The induction and training of new governors will depend on their existing experience. They are asked to complete a Governors Skills Audit. The Chair meets with all new Governors and discusses the Academy objectives and activities. They have access to current policies, minutes and all relative paperwork and can request for past papers. We also buy back the Local Authority Governance service and all Governors are given training schedules for all relevant courses. All new Governors are given a tour of the Academy and a chance to meet staff and pupils.

Organisational structure

The structure consists of three levels: the Governors, the Senior Leadership Team (SLT) and the Middle Managers.

The Governors are responsible for setting general policy, adopting an annual plan and budget, monitoring the Academy by the use of budgets and making major decisions about the direction of the Academy, capital expenditure and senior staff appointments.

The SLT consists of the Headteacher, three Deputy Headteachers, five Assistant Headteachers, two Associate Headteachers and the Director of Support Services. This team controls the Academy at an executive level implementing the policies laid down by the Governors and reporting back to them. As a group the team are responsible for the authorisation of spending within agreed budgets and the appointment of staff, though interview panels for posts always contain a Governor. Some spending control is devolved to budget holders within the Academy, although limits and separation of duties control the exposure to risk. The SLT develop the school improvement plan on a strategic level and present this to governors annually and report termly.

The Middle Managers include the Heads of Departments and Support Staff Leadership Team. They are responsible for the day to day management of departments across the Academy.

Connected organisations, including related party relationships

None

Risk management

The charity trustees have considered the major risks to which the charity is exposed and have reviewed those risks and established systems and procedures to manage those risks. These include:

Capital Reserves balance
The recruitment of high quality staff
Admission of sufficient pupils
Fraud
Employment Law
IT infrastructure

OBJECTIVES AND ACTIVITIES

Objects and aims

The Academy Trust's object is specifically restricted to the following:

- To advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum ("the Academy")
- To promote for the benefit of the inhabitants of Rochdale and the surrounding area the provision of facilities for recreation or other leisure time occupant of individuals who have need of such facilities by reason of their youth, age, infirmity or disablement, financial hardship or social and economic circumstances or for the public at large in the interests of social welfare and with the object of improving the condition of life of the said inhabitants.

Objectives, strategies and activities

Objectives, strategies and activities are formulated in response to thorough self-evaluation processes informed by external partners. The Senior Leadership Team create an annual School Improvement Plan (SIP) which is derived from this process of self-evaluation and our strategic plan to become a 'world class' school. For the academic year 2013 – 2014, the main priorities of the SIP were organised within the framework of our commitment to the values of Excellence, Equity, Engagement and Enterprise

EXCELLENCE

This section of the School Improvement Plan contains a statement of expected academic outcomes for 2013-2014, along with proposed intervention strategies to achieve this. These 'expected outcomes' were set by the Governing body in November 2012 on a whole school and departmental level and are consistent with outstanding pupil achievement. An important focus this year was to further improve levels of pupil progress and attainment of pupils in English

EQUITY

The principle of 'Equity' is applied to the school improvement plan through strategies which aim to; close attainment gaps particularly between pupil premium and non-pupil premium; remove barriers to learning; personalise provision and improve literacy skills.

ENGAGEMENT

The principle of 'Engagement' is applied to the school improvement plan through strategies which aim to develop the curriculum; improve the attendance, punctuality and behaviour of pupils; improve the learning environment; reduce exclusions; develop the impact of pupil and stakeholder voice; further engage parents and develop links with outside agencies.

ENTERPRISE

The principle of 'Enterprise' is applied to the school improvement plan through strategies which aim to; improve the quality of teaching; develop the learning capacity of pupils and improve the impact of leadership and management.

Public benefit

In setting our objectives and planning our activities our Governors have given careful consideration to the Charity Commission's general guidance on public benefit and in particular to its supplementary public benefit guidance on advancing education. Obviously as an Academy open to all this guidance has been demonstrated to be followed.

STRATEGIC REPORT

Achievements and Performance

The Academy achieved excellent outcomes at KS4. This was a result of the hard work and commitment of both our staff and pupils during the last academic year. Our outcomes exceeded the previous year's results with a weaker cohort on entry. The academy exceeded all but one of the FFT D targets set in a year where the national measure for 5A*-C (including EM) fell by 7% from 60% to 53%. In 2013 the gap between the National and Hollingworth attainment for 5A*-C (including EM) was +7%. In 2014 the gap rose to +16%.

Mathematics achieved 79% A*-C exceeding targets set for both attainment and all progress measures.

English had a successful year achieving at least the FFT D targets for attainment and progress (3 Levels). English achieved 72% A*-C. Nationally the percentage achieving A*-C fell by almost 2%.

Science had another fantastic year, achieving 65% 2A*-C (GCSE only) and 95% 2A*-C (Including equivalences). Triple science achieved 100% pass rate with progress measures exceeding significantly both Local Authority and National measures.

The Academy's 2014 results in foundation subjects were very strong in Art, Child Development, French, Spanish, Geography, Media Studies, Music, ASDAN COPE and BTEC Engineering. The results were good in Catering, Dance, Drama, History and PE.

The pupil premium result for 2014 significantly closed the gap between the national non pupil premium of 61% to the Hollingworth pupil premium of 54%. We had predicted a gap of -9% and achieved -7%. An outstanding result as the national gap widened to approximately 28%.

Financial Review

Financial and risk management objectives and policies

The Academy income is known at the beginning of the year. The main financial risk for the Academy this year is the capital project we will be entering in to. This build will stretch over the next two financial years and is planned to be opened for September 2016, it will use all of the Academies reserves and some of the planned operating surplus over the next two years. Due to this build having to be built under the PFI contract the governors are demanding that value for money be shown. The Academy is also wanting to carry a 10% contingency on the build project and has already commissioned a number of surveys to negate some possible high cost risks to the build. We are also aware that operating costs of the new building have been factored in and are affordable under our current operating surplus.

Reserves policy

The governors review the reserve levels of the Academy constantly. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of the reserve.

The Academy is working towards a reserve policy that will allow changing needs to be addressed and opportunities to be grasped. The Academies current level of free reserves is £2,050,000. This years operating surplus was £784,000. The Academy plans that this operating surplus is reduced over the next few years, once the new build is complete and all running costs are taken in to account.

Investment policy

The current policy is to only invest in funds that are risk free and immediately accessible deposit accounts.

Plans for Future Periods [SORP paragraphs 57 to 58]

The Academy is considered by OFSTED to be 'Outstanding' and is committed to its challenging strategic goal of becoming a 'World Class' school. Plans for future periods will focus on ensuring that pupils:

- Make outstanding progress, in their learning, regardless of ability, gender, social background or ethnic origin.
- Are engaged in a curriculum suffused with memorable experiences and rich opportunities for learning.
- Learn, with teachers, in an environment which is mutually respectful and promotes a shared enjoyment of learning.
- Develop social attitudes and behaviours founded upon the principles of respect, responsibility and care.
- Develop the transferable skills and attitudes necessary to thrive in the global economy of the 21st Century.

Principal risks and uncertainties

This will link to the risk management process that the Academy Trust has in place. The Academies principal risk is the full admission of pupil places. This enables us to receive funding streams matching our current operational costs. The Academy continues to attract local interest in our places, as you can see from the Year 7 intake figures below for 2013 and 2014:

	Sept 2013 (PAN 240)		Sept 2014 (PAN 260)	
Preference	Applications	Admitted	Applications	Admitted
First	285	240	303	255
Second	148	5	182	6
Third	67	3	87	1
Fourth	15	0	22	0
Other	0	0	0	0

These figures demonstrate the popularity of the Academy, which is mainly due to the consistently high academic performance of our pupils and our reputation for excellent standards of behaviour and school uniform. We have an ambitious "World Class" strategy to further improve all aspects of provision and practice.

We have been informed by the Local Authority that pupil numbers for the next decade within the Pennine district of Rochdale will continue to rise. The two high schools (including Hollingworth) in this area have been asked to expand their PAN to 270 to alleviate some of these increases, with other high schools across Rochdale increasing their PAN to accommodate some of the Pennine increase and increases in their own district. It is acknowledged by the Local Authority that this increase in the PAN at Hollingworth will not, in itself, fully meet demand.

GOING CONCERN

After making appropriate enquiries, the Board of trustees has a reasonable expectation that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

AUDITORS

Baker Tilly UK Audit LLP were appointed as auditors during the period.

Baker Tilly UK Audit LLP has indicated its willingness to continue in office.

Statement as to disclosure of information to auditors

The Trustees have confirmed that, as far as they are aware, there is no relevant audit information of which the auditors are unaware. Each of the Trustees have confirmed that they have taken all the steps that they ought to have taken as Trustees in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

The Trustees' Annual Report is approved by order of the board of trustees and the Strategic Report (included therein) is approved by the board of trustees in their capacity as the directors at a meeting on 8 December 2014 and signed on its behalf by:

Mr R Parker
Chair of Governors

Scope of responsibility

As trustees, we acknowledge we have overall responsibility for ensuring that Hollingworth Academy Trust has an effective and appropriate system of control, financial and otherwise. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Board of Trustees has delegated the day-to-day responsibility to the Headteacher, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the Funding Agreement between Hollingworth Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Board of Trustees has formally met 3 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of possible
R Parker (Chairman)	3	3
J Packer (Vice Chair)	3	3
J Millington (resigned 12 th October 2014)	2	3
A Regan (resigned 22 nd September 2014)	2	3
J Hawkrigg (staff trustee, resigned 31 st August 2014)	3	3
J Howard (staff trustee)	2	3
D Randle (Headteacher and Accounting Officer)	3	3
K Butterfield	2	3
K Gilfroy-Muir	3	3
S Lowe	2	3
J Mellor	3	3
D Rutkins	2	3
N Brown	2	3
M Hirst (appointed 16 th October 2013)	3	3
A Moon	2	3
P Muir	3	3
K Nelson	3	3
S Piprani	2	3
D Redfearn (resigned 1 st April 2014)	1	2
C Donley (staff trustee, resigned 22 nd April 2014)	1	2
J Brown (staff trustee, appointed 23 rd April 2014)	2	2

Governance reviews

Indicate when the trust intends to conduct its next self-evaluation or external review of governance. If the trust has not carried out a review it should still indicate when it intends to do so. The governors completed a Skills Audit in February 2014. We also completed the Financial Management and Governance Self-assessment (FMGS) and submitted this to the EFA in May 2014.

The Finance Committee is a sub-committee of the main board of trustees. Its purpose is to

- review and monitor the annual budget
- benchmark spending
- ensure best value
- monitor budget over 3+ years

During the year M Hirst, who is a Bank Manager, joined the committee. Attendance at meeting in the year is as follows:

Trustee	Meetings attended	Out of possible
J Millington (resigned 12 th October 2014)	3	3
A Regan (resigned 22 nd September 2014)	3	3
J Hawkrigg (staff trustee, resigned 31 st August 2014)	3	3
D Randle (Headteacher and Accounting Officer)	3	3
K Gilfroy-Muir	3	3
D Rutkins	3	3
M Hirst (appointed 16 th October 2013)	2	3
A Moon	3	3

The audit committee is a function of the Finance Committee and all business is carried out during these meetings. Its purpose is to:

- appoint a Responsible Officer (RO)
- report on findings of RO
- review year end accounts

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Hollingworth Academy Trust for the year ended 31 August 2014 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The Board of Trustees has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the year ending 31 August 2014 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

The risk and control framework

The Academy Trust's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular, it includes:

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees;
- regular reviews by the Finance committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines.
- delegation of authority and segregation of duties;
- identification and management of risks.

The Board of Trustees has considered the need for a specific internal audit function and has decided:

Not to appoint an internal auditor. However the trustees have appointed Baker Tilly, the external auditor, to perform additional checks and carry out the responsible officer (RO) role.

The RO's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. On a six monthly basis, the RO reports to the audit committee/finance committee on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

Review of effectiveness

As Accounting Officer, the Headteacher has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- The work of the responsible officer
- The work of the external auditor
- The financial management and governance self-assessment process
- The work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the audit committee/finance committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of Trustees on 8 December 2014 and signed on its behalf by:

Mr R Parker
Chair of Trustees

Mr D Randle
Accounting Officer

Statement on Regularity, Propriety and Compliance

As accounting officer of Hollingworth Academy Trust I have considered my responsibility to notify the academy trust Board of Trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

I confirm that I and the academy trust board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook.

I confirm that no instances of material irregular, impropriety or funding non-compliance have been discovered to date. If any instances are identified after the date of this statement, these will be notified to the board of trustees and EFA.

Mr D Randle
Accounting Officer

8 December 2014

Statement of Governors' Responsibilities

The Governors (who act as trustees for the charitable activities of Hollingworth Academy Trust and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Governors' report and financial statements in accordance with the Annual Accounts Requirements issued by the EFA, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the governors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charitable company at the end of the financial year and of its incoming resources and application of resources, including its income and expenditure, for the financial year. In preparing financial statements giving a true and fair view, the governors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The governors are responsible for keeping proper accounting records which disclose with reasonable accuracy the financial position of the charitable company and which enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The governors are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the EFA/DfE have been applied for the purposes intended.

The governors confirm that so far as they are aware, there is no relevant audit information of which the charitable company's auditors are unaware. They have taken all the steps that they ought to have taken as governors in order to make themselves aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

The governors are responsible for the maintenance and integrity of the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of accounts may differ from legislation in other jurisdictions.

Approved by order of the members of the governing body on 8 December 2014 and signed on its behalf by:

Mr R Parker
Chair of Governors

HOLLINGWORTH ACADEMY TRUST

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF HOLLINGWORTH ACADEMY TRUST

We have audited the financial statements of Hollingworth Academy Trust for the year ended 31 August 2014 on pages 19 to 39. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), and the Academies Accounts Direction 2014 issued by the Education Funding Agency.

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of governors and auditor

As explained more fully in the Statement of Governors' Responsibilities, the governors (who act as trustees for the charitable activities of the charitable company, and are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivateclient>

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2014 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the Companies Act 2006; and
- have been prepared in accordance with the Academies Accounts Direction 2014 issued by the Education Funding Agency.

Opinion on other requirement of the Companies Act 2006

In our opinion the information given in the Governors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF HOLLINGWORTH ACADEMY TRUST

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- the charity has not kept adequate accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of governors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Karen Musgrave (Senior Statutory Auditor)

For and on behalf of Baker Tilly UK Audit LLP, Statutory Auditor

Chartered Accountants

Bluebell House

Brian Johnson Way

Preston

Lancashire

PR2 5PE

Date: 16 December 2014

STATEMENT OF FINANCIAL ACTIVITIES (including Income and Expenditure Account and Statement of Total Recognised Gains & Losses) for the year ended 31 August 2014

	Note	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total 2014 £000	Total 2013 £000
Incoming resources						
<i>Incoming resources from generated funds:</i>						
Amounts transferred from local authority on conversion	21	1,343	(674)	487	1,156	-
Voluntary income	2	-	-	-	-	-
Activities for generating funds	3	272	-	-	272	-
<i>Incoming resources from charitable activities:</i>						
Funding for the Academy's educational operations	4	-	7,030	24	7,054	-
Total incoming resources		1,615	6,356	511	8,482	-
Resources expended						
<i>Charitable activities:</i>						
Academy's educational operations	6	468	6,103	99	6,670	-
<i>Governance costs</i>	7	-	41	-	41	-
Total resources expended		468	6,144	99	6,711	-
Net incoming resources before transfers						
Gross transfers between funds	14	1,147	212	412	1,771	-
		-	(3)	3	-	-
		1,147	209	415	1,771	-
Net incoming resources before other recognised gains and losses						
Other recognised gains and losses						
Amounts transferred from local authority on conversion	21	-	-	-	-	-
Actuarial (losses)/gains on defined benefit pension schemes	19	-	(636)	-	(636)	-
Net movement in funds		1,147	(427)	415	1,135	-
Funds carried forward at 31 August 2014	14	1,147	(427)	415	1,135	-

A statement of Total Recognised Gains and Losses is not required as all gains and losses are included in the Statement of Financial Activities.

All of the Academy Trust's activities derive from acquisitions in the current financial period.

BALANCE SHEET at 31 AUGUST 2014**(Company Limited by Guarantee No 08314692)**

		2014	2013
	Note	£000	£000
Fixed assets			
Tangible assets	11	415	-
		<u>415</u>	<u>-</u>
Current assets			
Debtors	12	346	-
Cash at bank and in hand		2,113	-
		<u>2,459</u>	<u>-</u>
Current liabilities			
Creditors: Amounts falling due within one year	13	(409)	-
Net current assets		<u>2,050</u>	<u>-</u>
Total assets less current liabilities		2,465	-
Net assets excluding pension liability			
Pension scheme liability	19	(1,330)	-
Net assets including pension liability		<u>1,135</u>	<u>-</u>
Funds of the academy:			
Restricted funds			
. Fixed asset fund	14	415	-
. General fund	14	903	-
. Pension reserve	14	(1,330)	-
		<u>(12)</u>	<u>-</u>
Unrestricted funds			
. General fund	14	1,147	-
Total unrestricted funds		<u>1,147</u>	<u>-</u>
Total Funds		<u>1,135</u>	<u>-</u>

The financial statements on pages 20 to 39 were approved by the governors on 8 December 2014 and signed on their behalf by:

Mr R Parker
Chair of Governors

CASH FLOW STATEMENT for the year 31 AUGUST 2014

	Note	2014 £000	2013 £000
Net flow inflow from operating activities	(i)	773	-
Capital expenditure	(ii)	(3)	-
Cash transferred on conversion to an Academy Trust		1,343	-
Increase in cash in the period	(iii)	<u>2,113</u>	<u>-</u>
Reconciliation of net cash flow to movement in net funds			
Net funds at 31 August 2014	(iii)	<u>2,113</u>	<u>-</u>

All of the Academy's cash flows derive from acquisitions and operating activities during the period.

NOTES TO THE CASHFLOW STATEMENT

(i) Reconciliation of net outgoing resources to cash flows

	2014	2013
	£000	£000
Net income	2,445	-
Depreciation (note 11)	99	-
Capital grants from DfE (note 4)	(24)	-
Surplus transferred from local authority on conversion	(1,343)	-
Assets inherited from local authority on conversion	(487)	-
FRS 17 pension cost less contributions payable (note 19)	26	-
FRS 17 pension finance income (note 19)	(6)	-
Increase in debtors	(346)	-
Increase in creditors	409	-
Net cash inflow from operating activities	773	-

(ii) Capital expenditure and financial investment

	31 August	31 August
	2014	2013
	£000	£000
Purchase of tangible fixed assets	(27)	-
Capital grants from DfE	24	-
Net cash outflow from capital expenditure and financial investment	(3)	-

(iii) Analysis of changes in net funds

	Cash flows	At
	£'000	31 August
	£'000	2014
	£'000	£'000
Cash in hand and at bank	2,113	2,113
	2,113	2,113

PRINCIPAL ACCOUNTING POLICIES 31 AUGUST 2014

Basis of Preparation

The financial statements have been prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the Charity Commission 'Statement of Recommended Practice: Accounting and Reporting by Charities' ('SORP 2005') the Academies Accounts Direction issued by the EFA and the Companies Act 2006. A summary of the principal accounting policies which have been applied consistently, except where noted, is set out below.

Basis of accounting

The financial statements are prepared under the historic cost convention and in accordance with applicable accounting standards and the Charities SORP 2005.

Going concern

The governors assess whether the use of going concern is appropriate. The Governors make this assessment in respect of a period of one year from the date of approval of the financial statements.

Incoming resources

All incoming resources are recognised when the academy trust has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

Grants receivable

Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet.

Donations

Donations are included in the statement of financial activities on a cash received basis or on an accruals basis where they are assured with reasonable certainty and are receivable at the balance sheet date.

Donated services and gifts in kind

The value of donated services and gifts in kind provided to the Academy is recognised in the statement of financial activities as incoming resources and resources expended at their estimated value to the Academy in the period in which they are receivable, and where the benefit is both quantifiable and material.

Interest receivable

Interest receivable is included within the statement of financial activities on a receivable basis.

Resources expended

Resources expended are recognised in the period in which they are incurred and include irrecoverable VAT. They have been classified under headings that aggregate all costs relating to that activity.

PRINCIPAL ACCOUNTING POLICIES 31 AUGUST 2014

Allocation of costs

In accordance with the Charities SORP, expenditure has been analysed between the cost of generating funds, the Academy's charitable activities and governance. Items of expenditure which involve more than one cost category have been apportioned on a reasonable, justifiable and consistent basis for the cost category concerned. Central staff costs are allocated on the basis of time spent on each activity and depreciation charges on the basis of the proportion of the assets' use which is utilised by each activity.

Governance costs

Governance costs include the costs attributable to the Academy's compliance with constitutional and statutory requirements, including audit, strategic management and governors' meetings and reimbursed expenses. Such costs include both direct and allocated support costs.

Fund accounting

General funds represent those resources which may be used towards meeting any of the objects of the Academy at the discretion of the governors.

Restricted funds comprise grants from the DfE and other donors which are to be used for specific purposes as explained in note 14.

Tangible fixed assets

Tangible fixed assets acquired since the Academy was established are included in the accounts at cost.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the Government or from the private sector, they are included in the balance sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund (in the statement of financial activities and carried forward in the balance sheet). The depreciation on such assets is charged in the statement of financial activities over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

Depreciation

Depreciation is provided on a straight line basis on the cost of tangible fixed assets, to write them down to their estimated residual values over their expected useful lives. No depreciation is provided on freehold land. The principal annual rates used for other assets are:

Computer equipment	20% straight line
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Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

Leased assets

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the statement of financial activities on a straight line basis over the lease term.

PRINCIPAL ACCOUNTING POLICIES 31 AUGUST 2014

Taxation

The academy trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the academy trust is potentially exempt from taxation in respect of income and capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Pensions

Academy staffs are members of one of two pension schemes, both of which are defined benefit schemes. More details of the schemes are given in note 19.

Defined Benefit Schemes

Teachers' Pension Scheme

Full-time and part-time teaching staff employed under a contract of service are eligible to contribute to the Teachers' Pension Scheme (TPS). The TPS, a statutory, contributory, final salary scheme is administered by Capita Teachers' Pensions on behalf of the Department for Education. As the Academy is unable to identify its share of the underlying (notional) assets and liabilities of the scheme, the Academy has taken advantage of the exemption in Financial Reporting Standard (FRS) 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The pension costs for the scheme represent the contributions payable by the Academy in the year.

Local Government Pension Scheme

Non teaching members of staff are offered membership of the Local Government Scheme (LGPS). The LGPS is a defined benefit pension scheme and is able to identify the Academy's share of assets and liabilities and the requirements of FRS 17, Retirement Benefits, have been followed.

The Academy's share of the LGPS assets are measured at fair value at each balance sheet date. Liabilities are measured on an actuarial basis using the projected unit method. The net of these two figures is recognised as an asset or liability on the balance sheet. Any movement in the asset or liability between balance sheet dates is reflected in the statement of financial activities.

Conversion to an Academy Trust

The conversion from a state maintained school to an academy trust involved the transfer of identifiable assets and liabilities and the operation of the school for £nil consideration and has been accounted for under the acquisition accounting method.

The assets and liabilities transferred on conversion from Hollingworth Academy Trust to an Academy trust have been valued at their fair value being a reasonable estimate of the current market value that the governors would expect to pay in an open market for an equivalent item. Their fair value is in accordance with the accounting policies set out for Hollingworth Academy Trust. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in incoming resources in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds. Further details of the transaction are set out in note 21.

NOTES TO THE FINANCIAL STATEMENTS 31 AUGUST 2014

1 General Annual Grant (GAG)

There were no funding limits on the General Annual Grant.

2 Voluntary Income	Unrestricted funds £000	Restricted funds £000	2014 Total £000	2013 Total £000
Other	-	-	-	-
	-	-	-	-

3 Activities for Generating Funds	Unrestricted funds £000	Restricted funds £000	2014 Total £000	2013 Total £000
School fund income	12	-	12	-
Lettings income	17	-	17	-
Catering income	229	-	229	-
Other income	14	-	14	-
	272	-	272	-

4 Funding for Academy's educational operations

	Unrestricted funds £000	Restricted funds £000	2014 Total £000	2013 Total £000
DfE/EFA revenue grants				
General Annual Grant (GAG)	-	6,708	6,708	-
Start Up grants	-	-	-	-
Capital grants	-	24	24	-
Other DfE / EFA grants	-	272	272	-
	-	7,004	7,004	-
Other Government grants				
Local Authority grants	-	50	50	-
	-	50	50	-
	-	7,054	7,054	-

NOTES TO THE FINANCIAL STATEMENTS 31 AUGUST 2014

5 Resources Expended	Staff Costs £000	Other Costs £000	Depre- ciation £000	Total 2014 £000	Total 2013 £000
Academy's educational operations					
- Direct costs	3,805	618	-	4,423	-
- Allocated support costs	1,022	1,126	99	2,247	-
	4,827	1,744	99	6,670	-
Governance costs including allocated support costs	-	41	-	41	-
	4,827	1,785	99	6,711	-

The method used for the apportionment of support costs is disclosed in the accounting policies on page 25.

Incoming/outgoing resources for the period include:

	2014 £'000	2013 £'000
Fees payable to auditor – audit	7	-
– other services	2	-
Operating lease cost – rent	<u>561</u>	<u>-</u>

6 Charitable Activities – Academy's educational operations

	Unrestricted funds £000	Restricted funds £000	2014 Total Funds £000	2013 Total Funds £000
Direct costs				
Teaching and educational staff costs	-	3,805	3,805	-
Technology costs	-	105	105	-
Educational supplies	-	264	264	-
Examination fees	-	81	81	-
Staff development	-	49	49	-
School fund expenditure	119	-	119	-
	119	4,304	4,423	-

NOTES TO THE FINANCIAL STATEMENTS 31 AUGUST 2014

	Unrestricted funds £000	Restricted funds £000	2014 Total £000	2013 Total £000
Allocated support costs				
Support staff costs	-	1,022	1,022	-
Depreciation	-	99	99	-
Recruitment and other staff costs	-	2	2	-
Heat and light	-	99	99	-
Maintenance of premises & equipment	-	27	27	-
Rent & rates	-	546	546	-
Insurance	-	16	16	-
Security & transport	-	22	22	-
Catering	349	-	349	-
Bank interest & charges	-	10	10	-
Other support costs	-	55	55	-
	349	1,898	2,247	-
7 Governance costs				
	Unrestricted funds £000	Restricted funds £000	2014 Total Funds £000	2013 Total Funds £000
Legal & professional fees	-	-	32	-
Auditors' remuneration	-	-	7	-
- Audit of financial statements	-	-	2	-
- Other services	-	-	-	-
	-	-	41	-
8 Staff Costs				
Staff costs during the period were:	Unrestricted funds £000	Restricted funds £000	2014 Total £000	2013 Total £000
Wages and salaries	-	3,861	3,861	-
Social security costs	-	291	291	-
Other pension costs	-	551	551	-
	-	4,703	4,703	-
Supply teacher costs	-	124	124	-
	-	4,827	4,827	-

NOTES TO THE FINANCIAL STATEMENTS 31 AUGUST 2014

8 Staff costs (continued)

The average number of persons (including senior management team) employed by the Academy during the period expressed as full time equivalents was as follows:

	2014	2013
	No.	No.
<i>Charitable Activities</i>		
Teachers	70	-
Administration and support	56	-
Management	10	-
	<u>136</u>	<u>136</u>

The number of employees whose emoluments fell within the following bands were:

	2014	2013
	No.	No.
£60,000 - £70,000	2	-
£70,001 - £100,000	-	-
£100,001 - £110,000	1	-

The above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2014, pension contributions for these employees amounted to £31,512. No employee participating in the Local Government Scheme earned more than £60,000.

9 Governors' remuneration and expenses

The Headteacher and staff governors only receive remuneration in respect of services they provide undertaking the roles of the Headteacher and staff not in respect of services as governors. Other governors did not receive any payments from the Academy. The value of governors' remuneration was as follows:

D Randle	100,000 to 105,000
J Hawkrigg	55,000 to 60,000
J Howard	40,000 to 45,000
J Brown	30,000 to 35,000
C Donley	35,000 to 40,000
N Bowker	55,000 to 60,000

Other related party transactions involving the trustees are set out in note 20.

NOTES TO THE FINANCIAL STATEMENTS 31 AUGUST 2014

10 Governors' and Officers' insurance

In accordance with normal commercial practice the Academy has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the year ended 31 August 2014 is not separately identifiable, but is included within the total insurance cost.

11 Tangible Fixed Assets

	Computer equipment £000	Total £000
Cost		
At 31 August 2013	-	-
Additions	27	27
Transfer from local authority on conversion	487	487
At 31 August 2014	<u>514</u>	<u>514</u>
Depreciation		
At 31 August 2013	-	-
Charged in period	99	99
At 31 August 2014	<u>99</u>	<u>99</u>
Net book value		
At 31 August 2014	<u>415</u>	<u>415</u>
At 31 August 2013	<u>-</u>	<u>-</u>

12 Debtors

	2014 £000	2013 £000
Trade debtors	2	-
Prepayments and accrued income	77	-
VAT recoverable	266	-
Other debtors	1	-
	<u>346</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS 31 AUGUST 2014

13 Creditors: amounts falling due within one year

	2014 £000	2013 £000
Trade creditors	194	-
Tax and social security	88	-
Other creditors	3	-
Accruals and deferred income	124	-
	<u>409</u>	<u>-</u>
Deferred income		
	2014 £000	2013 £000
	62	-
Deferred income at 31 August 2014	<u>62</u>	<u>-</u>

At the balance sheet date the trust was holding funds received in advance in respect of costs of its special educational needs provision.

14 Funds

	At 31 August 2013 £000	Incoming resources £000	Resources expended £000	Gains, losses and transfers £000	At 31 August 2014 £000
General Annual Grant (GAG)	-	6,708	(5,802)	(3)	903
Start up grant	-	-	-	-	-
Other EFA/DfE grants	-	272	(272)	-	-
Other restricted grants	-	50	(50)	-	-
	<u>-</u>	<u>7,030</u>	<u>(6,124)</u>	<u>(3)</u>	<u>903</u>
Pension Reserve	-	-	(20)	(1,310)	(1,330)
	<u>-</u>	<u>7,030</u>	<u>(6,144)</u>	<u>(1,313)</u>	<u>(427)</u>
Fixed asset funds					
DfE capital grants	-	24	(2)	-	22
Amounts transferred from local authority on conversion	-	487	(97)	-	390
Capital expenditure from GAG	-	-	-	3	3
	<u>-</u>	<u>511</u>	<u>(99)</u>	<u>3</u>	<u>415</u>
Total restricted funds	<u>-</u>	<u>7,541</u>	<u>(6,243)</u>	<u>(1,310)</u>	<u>(131)</u>
Unrestricted funds					
General fund	-	1,615	(468)	-	1,147
Total unrestricted funds	<u>-</u>	<u>1,615</u>	<u>(468)</u>	<u>-</u>	<u>1,147</u>
Total funds	<u>-</u>	<u>9,156</u>	<u>(6,711)</u>	<u>(1,310)</u>	<u>1,135</u>

NOTES TO THE FINANCIAL STATEMENTS 31 AUGUST 2014

14 Funds (Continued)

The specific purposes for which the funds are to be applied are as follows:

Restricted general fund

This fund represents grants received for the Academy's operational activities and development.

Fixed asset fund

These grants relate to funding received from the DfE, EFA and private sponsors to carry out works of a capital nature as part of the school improvement plan.

Other restricted funds

These funds relate to monies received from the local government, private sector and private sponsors to carry out works of a capital or revenue nature.

15 Analysis of net assets between funds

Fund balances at 31 August 2014 are represented by:

	Unrestricted fund £000	Restricted general fund £000	Restricted fixed asset fund £000	Restricted pension fund £000	Total 2014 £000
Tangible fixed assets	-	-	415	-	415
Current assets	1,266	1,193	-	-	2,459
Current liabilities	-	(409)	-	-	(409)
Pension scheme liability	-	-	-	(1,330)	(1,330)
Total net assets	1,266	784	415	(1,330)	1,135

16 Capital commitments

	2014 £000
Contracted for but not provided in the financial statements	-

17 Contingent Liabilities

During the year of the Funding Agreement, in the event of the sale or disposal by other means of any asset for which a Government capital grant was received, the Academy is required either to re-invest the proceeds or to repay to the Secretary of State for Education the same proportion of the proceeds of the sale or disposal as equates with the proportion of the original cost met by the Secretary of State.

Upon termination of the Funding Agreement whether as a result of the Secretary of State or the Academy service notice, the Academy shall repay to the Secretary of State sums determined by reference to:

- The value at that time of the Academy's site and premises and other assets held for the purpose of the Academy; and
- The extent to which expenditure incurred in providing those assets was met by payments by the Secretary of State under the Funding Agreement.

18 Members' Liability

Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while he/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before.

19 Pension Commitments

The Academy's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Lancashire Pension Fund. All are defined-benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of TPS was 31 March 2004 and of the LGPS 31 March 2010.

There were no outstanding or prepaid contributions at the end of the financial period.

The Teachers' Pension Budgeting And Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act 1972 and are paid by public funds provided by Parliament. The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Act.

The Teachers' Pensions Regulations 2010 require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pension increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

Valuation Of The Teachers' Pension Scheme

The latest actuarial review of the TPS was carried out as at 31 March 2012 and in accordance with The Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education (the Department) on 9 June 2014. The key results of the valuation and the subsequent consultation are:

- employer contribution rates were set at 16.48% of pensionable pay (including a 0.08% levy for administration);
- total scheme liabilities for service to the effective date of £191.5 billion, and notional assets of £176.6 billion, giving a notional past service deficit of £14.9 billion;
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations

The new employer contribution rate for the TPS will be implemented in September 2015. A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website at the following location:

<https://www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx>

19 Pension Commitments (continued)

Scheme Changes

Following the Hutton report in March 2011 and the subsequent consultations with trade unions and other representative bodies on reform of the TPS, the Department published a Proposed Final Agreement, setting out the design for a reformed TPS to be implemented from 1 April 2015.

The key provisions of the reformed scheme include: a pension based on career average earnings; an accrual rate of 1/57th; and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Importantly, pension benefits built up before 1 April 2015 will be fully protected.

In addition, the Proposed Final Agreement includes a Government commitment that those within 10 years of Normal Pension Age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall up to three and a half years outside of the 10 year protection.

Regulations giving effect to a reformed Teachers' Pension Scheme came into force on 1 April 2014 and the reformed scheme will commence on 1 April 2015.

The pension costs paid to TPS in the year amounted to £392,310 (2013: £nil).

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the period ended 31 August 2013 was £213k, of which employer's contributions totalled £157k and employees' contributions totalled £56k. The agreed contribution rates for future years are 18.9% for employers and 6% for employees.

Principal Actuarial Assumptions

	At 31 August 2014
Rate of increase in salaries	3.8%
Rate of increase for pensions in payment	2.7%
Discount rate for scheme liabilities	3.7%
Inflation assumption	2.7%

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement age 65 are:

	At 31 August 2014
<i>Retiring today</i>	
Males	21.4 years
Females	24.0 years
<i>Retiring in 20 years</i>	
Males	24.0 years
Females	26.6 years

NOTES TO THE FINANCIAL STATEMENTS 31 AUGUST 2014

19 Pension Commitments (Continued)

The estimated Academy's share of the assets and liabilities in the scheme and the expected rates of return were:

	Long-term rate of return expected at 31 August 2014 %	Value at 31 August 2014 £000
Equities	6.3	2,350
Bonds	3.2	595
Property	4.5	198
Cash	3.3	165
Total market value of assets		<u>3,308</u>
Present value of scheme liabilities		
- Funded		(4,638)
Surplus/(deficit) in the scheme		<u><u>(1,330)</u></u>

None of the fair values of the assets shown above include any of the Academy's own financial instruments or any property occupied by, or other assets used by, the Academy.

The expected return on assets is based on the long term future expected investment return for each asset class as at the beginning of the period (i.e. As at 1 August 2013 for the period to 31 August 2014). The return on gilts and other bonds are assumed to be the gilt yield and corporate bond yield (with an adjustment to reflect default risk) respectively at the relevant date. The return on equities and property is then assumed to be a margin above gilt yields.

The actual return on the scheme assets in the year was £295,000

Total expenditure recognised in the Statement of Financial Activities

	2014 £000
Current service cost	26
Total operating charge	<u>26</u>
Interest on obligation	167
Expected return on Scheme assets	<u>(173)</u>
Pension finance cost	<u>6</u>
Total expenditure recognised in the Statement of Financial Activities	<u><u>20</u></u>

NOTES TO THE FINANCIAL STATEMENTS 31 AUGUST 2014

19 Pension Commitments (continued)

Amount recognised in the statement of total recognised gains and losses (STRGL)	2014 £000
Actuarial gains on pension scheme assets	122
Actuarial losses on scheme liabilities	(758)
Total amount recognised in STRGL	(636)

Reconciliation of opening and closing balances of the present value of the Trust's share of scheme's liabilities

	2014 £000
Current service cost	183
Contributions by scheme participants	56
Interest cost	167
Benefits paid	(80)
Transfer from local authority on conversion	3,554
Actuarial losses	758
Scheme liabilities at 31 August 2014	4,638

Reconciliation of opening and closing balances of the fair value of the Trust's share of the scheme assets

	2014 £000
Expected return on scheme assets	173
Contributions by employer	157
Contributions by scheme participants	56
Benefits paid	(80)
Transfer from local authority on conversion	2,880
Actuarial gains	122
Fair value of scheme assets at 31 August 2014	3,308

Movement in surplus/(deficit) during year

	2014 £000
Current service cost	(183)
Employer contributions	157
Net interest/return on assets	6
Transfer from local authority on conversion	(674)
Actuarial losses	(636)
Deficit in scheme at 31 August 2014	(1,330)

NOTES TO THE FINANCIAL STATEMENTS 31 AUGUST 2014

19 Pension Commitments (Continued)

Amounts for the current and previous periods

	2014
	£000
Defined benefit obligation at end of year	(4,638)
Fair value of plan assets at end of year	<u>3,308</u>
Deficit	<u>(1,330)</u>
	2014
	£000
Experience adjustments on Scheme assets	122
Experience adjustments on Scheme liabilities	<u>1</u>
	<u>123</u>

Projected pension expense for the year to 31 August 2015 is £233,000.

20 Related Parties

Owing to nature of the Academy's operations and the composition of the board of governors being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the board of governors may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy's financial regulations and normal procurement procedures.

No related party transactions took place in the period of account.

NOTES TO THE FINANCIAL STATEMENTS 31 AUGUST 2014

21 Conversion to an Academy Trust

The transfer has been accounted for using the acquisition method. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as net incoming resources in the Statement of Financial Activities as voluntary income.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the SOFA.

	Unrestricted funds £000	Restricted general fund £000	Restricted fixed asset funds £000	Total £000
Tangible fixed assets				
Freehold / leasehold land & buildings	-	-	-	-
Other tangible fixed assets	-	-	487	487
Budget surplus / deficit on LA funds	1,343	-	-	1,343
LGPS pension surplus / deficit	-	(674)	-	(674)
Net assets	1,343	(674)	487	1,156

The above net assets include £1,343,000 that was transferred as cash.

22 Financial commitments

Operating leases

At 31 August 2014 the Academy had annual commitments under the non-cancellable leases as follows:-

	2014 £000	2013 £000
Land & buildings:		
Expiring greater than five years	561	0

NOTES TO THE FINANCIAL STATEMENTS 31 AUGUST 2014

In accordance with the terms of our engagement letter and further to the requirements of the Education Funding Agency ('EFA') as included in the Academies Accounts Direction 2014, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Hollingworth Academy Trust during the year ended 31 August 2014 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Hollingworth Academy Trust and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Hollingworth Academy Trust and the EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Hollingworth Academy Trust and the EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Hollingworth Academy Trust accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Hollingworth Academy Trust's funding agreement with the Secretary of State for Education and the Academies Financial Handbook extant from 1 September 2013, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2014. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year ended 31 August 2014 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2014 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity. A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion.

Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the academy trust's income and expenditure.

Our work included identification and assessment of the design and operational effectiveness of the controls, policies and procedures that have been implemented to ensure compliance with the framework of authorities including high level financial control areas and areas assessed of presenting a higher risk of impropriety. We undertook detailed testing, based on our assessment of risk of material irregularity, where such controls, policies and procedures apply to classes of transactions. This work was integrated with our audit on the financial statements to the extent evidence from the conduct of that audit supports the regularity conclusion.

NOTES TO THE FINANCIAL STATEMENTS 31 AUGUST 2014

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year ended 31 August 2014 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

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Date: 16 December 2014